

"Rīgas juvelierizstrādājumu rūpnīca" JSC /AS/ single ID.40003044420
Account for period from 01.01.2011 to 30.09.2011

JSC [A/S] "Rīgas juvelierizstrādājumu rūpnīca"
Single reg.№ 40003044420
Address: Terēzes iela 1, Rīga, LV-1012

Types of basic activities:
processing of precious metals

Unit: LVL

ACCOUNT
for the period from 01.01.2011 to 30.09.2011

State Revenue Service territorial office: Latgale suburb department

Date submitted: _____

Date received: _____

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INFORMATION ON THE COMPANY

Company name	JSC [AS] "Rīgas juvelierizstrādājumu rūpnīca"
Company legal status	Joint-Stock Company
Single identification №, place and date of incorporation	40003044420, 10 December 1991
Legal address	Terēzes iela 1, Rīga, LV-1012, tel 7272790
Mailing adress	Terēzes iela 1, Rīga, LV-1012
Type of activity	Processing precious metals
Name, address. Tel.of Unit of Business Activities	workshop: Terēzes iela 1, Rīga, LV-1012 pawnshop: Terēzes iela 1, Rīga, LV-1012
Member composition of the JSC Council	Vidis Zaķis Igoris Istomins Eļena Vasuļa Jurijs Čerņecovs Tatjana Reznigskā
Member composition of the JSC Board of Directors	Vladimirs Cadovičs Alefina Struļeviča Aleksandrs Ančevskis
Bank account JSC "SEB BANKA"	LV62UNLA0001000243901
Chief Accountant	Natalja Beļšova
Account for the period	from 01.01.2011 to 30.09.2011
Auditor	Auditfirma "LIKKONS un AR" SIA/LLC Kr.Valdemāra 38-510, Rīga, LV-1010 ID.№ .400036050961 Aivars Rutkis Qualified Auditor (Latvian Association of Qualified Auditors)
Average number of employees	16 persons

Management report

Information about company

JSC „Rīgas juvelierizstrādājumu rūpnīca” legal address Terezes iela 1, Rīga, LV-1012.

Company is registered in Commercial register with a single registration number 40003044420. Share capital of the company is 4 742 980 LVL, which consists of 4742980 shares having nominal value LVL 1.

Chairman of the Board of the company is Vladimirs Cadovičs, other Members of the Board are: Alefīna Struļeviča un Aleksandrs Ančevskis.

Auditor of the Company is certified controller Aivars Rutkis (certificate No.18).

Largest share holders of the Company are:

Vladimirs Cadovics – 531 785 shares

Olegs Perežilo – 380 000 shares

Igors Istomins – 1 160 000 shares

Marija Ančevska – 1 160 000 shares

Operation of the Company during the year of account

Field of operation of JSC „Rīgas juvelierizstrādājumu rūpnīca” is processing of precious metals, production and repair of jewellery.

Name, address, telephone of the structural unit of operation:

workshop: Terezes iela 1, Rīga, LV-1012, tel.: 67277365

AS „Rīgas juvelierizstrādājumu rūpnīca” does not have parent and subsidiary companies.

The Company closed the financial year with the following results:

Annual result before extraordinary items and taxes is: 36 328 LVL

Nett result: 33 534 LVL

Net turnover for the period 01.01.2011.-30.09.2011. is 279 984 LVL, that has increased more than one and a half on comparisons with the same period of 2010.

In 2011 the Company actively cooperates with the Lithuanian company FORTŪNATAS.

For assortment increase, there is begun cooperation with the Spanish firm ARAGON CARMONA.

The Company provides opportunity to familiarize with production on the homepage www.rigagold.lv for intensity work with existing clients and attract new clients.

In 2011 the Company continues to expand production assortment according to demand and fashion trends.

Development activities of the Company

The Company further development: taking into account world financial crisis conditions Company plans to develop new business possibilities, research of the local and external market, executing an increase of products sale enterprises.

It is planned to develop a homepage on which production assortment is exposed.

The Company plans to involve partners from Russia and the countries of the European Union for manufacturing of new models of jewels. Also to expand possibilities of cooperation with wholesale dealers of Latvia and to involve small consumers.

Has been made the analysis of solvency of clients. Production stands out by results of the analysis and repayment terms are in certain cases regulated.

For commodity market expansion are necessary considerable investments which the Company can't make without attraction of additional means. Efforts of Board and Council to involve investors haven't given positive results yet.

Proposals to decrease losses

It is provided to search for additional commodity markets.

The company plans to increase goods turn, offering new models of jewels. Also to reduce production cost price.

Chairman of the Board

Member of the Board

Member of the Board

Vladimirs Cadovičs

Alefīna Struļeviča

Aleksandrs Ančevskis

Statement on the Company management responsibility

The Company management shall be held responsible for development of financial statements, based on the initial bookkeeping records concerning each accounting period, which is true and impartial reflection of financial condition of the Company at the 30.09.2011

Hereby it is confirmed by the Company managers that upon drawing the present report for period, expiring on 30 September 2011, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made.

The Company management shall be held responsible for conducting of appropriate bookkeeping accounts, for maintenance of the Company funds, as well as for prevention of fraudulent activities and other on other ignominies.

Hereby it is confirmed by the Company management that data and explanations requisite for the audit have been provided thereby.

Chairman of the Board
Vladimirs Čadovičs

Member of the Board
Alektina Struļeviča

Member of the Board
Aleksandrs Ančevskis

Profits or loss statements for the period from

01.01.2011 to 30.09.2011 and 01.01.2010 to 30.09.2010

Parameter designation	Appendices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Net turnover	1	279 984	176 806	398 381	251 572
Manufacturing expenditures of sold products	2	-138 801	-106 700	-197 496	-151 820
Gross profit or loss		141 183	70 106	200 885	99 752
Selling costs	3	-74 005	-573	-105 300	-815
Administrative expenses	4	-58 333	-73 096	-83 000	-104 006
Other revenue of the Company business operations	5	32 603	25 337	46 390	36 051
Other expenses of the Company business operations	6	-5 120	-8 556	-7 285	-12 174
Other interests income and similar	7	0	104	0	148
Profit or loss before extraordinary items and taxations		36 328	13 322	51 690	18 955
Profit or loss before taxation and minority interest		36 328	13 322	51 690	18 955
Different corporate income tax					
Other taxes	8	-2 794	-2 932	-3 976	-4 172
Loss for the year of account (net income)		33 534	10 390	47 715	14 784
Profit or loss for ONE stock, anual		0.008	0.003	0.011	0.004
Profit or loss for ONE stock as from commencement of operations		-0.798	-0.798	-1.130	-1.143

Balance sheet at 30 september 2011 and 2010

ASSETS	Appen- dices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
1. Long-term investments					
I Fixed assets					
Land, building, constructions and perenial plantations		105 333	114 353	149 875	162 710
Long-term investments in the rented fixed assets					0
Equipment and machinery		125	374	178	532
Other fixed assets and inventory		5 761	7 514	8 197	10 691
Total fixed assets		111 219	122 241	158 250	173 933
II Investments property		33 997	36 932	48 373	52 550
Total investments property		33 997	36 932	48 373	52 550
Total long-term investments	1	145 216	159 173	206 624	226 483
2. Current assets					
III Inventory					
Raw materials, direct materials and auxiliary materials	2	260 827	240 225	371 123	341 809
Unfinished products	3	108 882	92 161	154 925	131 133
Finished goods and goods for sale	4	183 688	236 546	261 364	336 575
Advance payment for goods	5	0	215	0	306
Total inventory		553 397	569 147	787 413	809 823
IV Debtors' indebtedness					
Indebtedness of customers and clients	6	310 891	269 133	442 358	382 942
Other debtors	7	11	819	16	1 165
Expenses of subsequent perios	8	767	417	1 091	593
Total debtors		311 669	270 369	443 465	384 700
V Shot-term financial investments					
Other securities		0	0	0	0
Total shot-term financial investments		0	0	0	0
Funds (total)	9	83 398	118 546	118 665	168 676
Total current assets		948 464	958 062	1 349 543	1 363 199
Assets grand total		1 093 680	1 117 235	1 556 166	1 589 682

LIABILITIES	Appendices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<i>I Equity capital</i>					
Stock or share capital (fixed capital)	10	4 742 980	4 742 980	6 748 653	6 748 653
Revaluation reserve of long-term investments		113 956	119 954	162 145	170 679
<i>Retained earnings</i>					
a) retained earnings from previous year		-3 816 246	-3 796 160	-5 430 029	-5 401 449
b) retained earnings for the year of account		33 534	10 390	47 715	14 784
<i>Total retained earnings</i>		-3 782 712	-3 785 770	-5 382 314	-5 386 665
<i>Total equity capital</i>		1 074 224	1 077 164	1 528 483	1 532 666
<i>II Accruals</i>		0	2 555	0	3 635*
<i>Accruals total</i>		0	2 555	0	3 635
<i>III Creditors</i>					
<i>2. Short-term debts</i>					
Debts to suppliers and contractors		437	29 632	622	42 163
Taxes and social security liabilities	11	8 987	4 478	12 787	6 372
Other creditors	12	4 022	3 406	5 723	4 846
Accumulated liabilities	13	6 010	0	8 551	0
<i>Total short-term debts</i>		19 456	37 516	27 683	53 380
<i>Total creditors</i>		19 456	37 516	27 683	53 380
<i>Liabilities grand total</i>		1 093 680	1 117 235	1 556 166	1 589 682

*Classification to accumulated liabilities

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
Aleŭtina Struļeviča

Member of the Board
Aleksandrs Ančevskis

Account on changes in equity capital 30.09.2010 and 30.09.2011.

	Stock or share capital (fixed)	Revaluation reserve of long-term invest- ments	Retained earnings from previous year	Profit for the year of account	Total equity capital
	LVL	LVL	LVL	LVL	LVL
Remaining amount on 30 September 2010	4 742 980	119 954	-3 796 160	10 390	1 077 164
Remaining amount on 30 September 2011	4 742 980	113 956	-3 816 246	33 534	1 074 224

	Stock or share capital (fixed)	Revaluation reserve of long-term invest- ments	Retained earnings from previous year	Profit for the year of account	Total equity capital
	EUR	EUR	EUR	EUR	EUR
Remaining amount on 30 September 2010	6 748 653	170 679	-5 401 449	14 784	1 532 666
Remaining amount on 30 September 2011	6 748 653	162 145	-5 430 029	47 715	1 528 483

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
Alektina Struļeviča

Member of the Board
Aleksandrs Ančevskis

ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED
 on 30 september 2011 (by direkt method)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
I. Cash flow from basic activities				
Proceeds from no product selling and provision of services	185 383	139 394	263 776	198 340
Payments to suppliers, staff, other expenditures of basic activities	-233 842	-161 379	-332 727	-229 622
Receipts and expenditures from other basic activities of the Company	63 674	60 016	90 600	85 395
Gross basic activities cash flow	15 215	38 031	21 649	54 113
Expenditures for real property tax payments (-)	-2 794	-2 932	-3 976	-4 172
Cash flow before extraordinary items	12 421	35 099	17 673	49 941
Net basic activities cash flow	12 421	35 099	17 673	49 941
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)	-2 537	-563	-3 610	-801
Interest received (+)	0	104	0	148
Net cash flow of investment operations	-2 537	-459	-3 610	-653
V. Net cash flow for the yer of account	9 884	34 640	14 064	49 288
VI. Cash and equivalents thereof at the begininig of period	73 514	83 906	104 601	119 387
VII. Cash and equivalents thereof at the end of period	83 398	118 546	118 665	168 676

Chairman of the Board
Vladimirs Cadovičs

Member ot the Board
Aleŭtina Struļeviĉa

Member ot the Board
Aleksandrs Anĉevskis

Appendices to the annual account

1. Accounting policy and methods applied

The accounting policy and applied methods in the accounting periods has not changed.

Accounting period : from 01 january 2011 to 30 September 2011

Money value and revaluation of foreign currency:

2011.09.30		2010.09.30	
EUR	0.702804	EUR	0.702804

Appendices to the account

2. Explanatory notes to items of the profit or loss calculation

1. Net turnover	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Jewelry production	153 161	128 567	217 928	182 934
Workshop (jewelry repairs)	42 459	36 322	60 414	51 682
Pawnshops (jewelry)	759	2 520	1 080	3 586
Investment gold sale	83 605	0	118 959	0
Production of thermal energy	0	9 397	0	13 371
Total	279 984	176 806	398 381	251 572

2. Manufacturing expenditures of sold products

Jewellery making and buy in charges	103 630	46 933	147 452	66 780
Investment gold purchase and clearing expenses	29 921	0	42 574	0
Labour wages	0	24 722	0	35 176
Labour state social security obligatory contributions	0	5 859	0	8 337
Expenses for purchase of the sold jewels			0	0
Water	0	287	0	408
Electricity	0	4 300	0	6 118
Gas	0	12 776	0	18 179
Direct materials	118	223	168	317
Branding of jewelry at State Assay Supervision Inspection	276	473	393	673
Low-grade inventory, and tools	577	272	821	387
Auxiliary materials	0	4	0	6
Depreciation of fixed assets	0	210	0	299
Changes in stock and value of the unfinished products	4 271	485	6 077	690
Changes in stock and value of the finished products	0	105 147	0	149 611
Transitional expenses	0	-94 991	0	-135 160
Goods insurance	8	0	11	0
Other expenses	0	0	0	0
Total	138 801	106 700	197 496	151 820

3. Selling costs

Salary of workers	27 396	0	38 981	0
Obligatory social payments of workers	6 483	0	9 224	0
Advertising	1 364	495	1 941	704
Utilities (water, electricity, gas)	19 907	0	28 325	0
Rent of the earth and premises	8 904	0	12 669	0
Depreciation of fixed assets	9 921	0	14 116	0
Other expenses	30	78	43	111
Total	74 005	573	105 300	815

4. Administration expenditures

Communication expenditures	1 758	1 754	2 501	2 496
Bank services	190	158	270	225
To "NASDAQ OMO Rīgas" and the Financial and Capital Market Commission	4 375	4 535	6 225	6 453
Office costs	671	972	955	1 383
Depreciation of fixed assets	2 457	12 057	3 496	17 156

Appendices to the profit or loss calculation (continued)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Traveling allowances	672	1 170	956	1 665
Administration wages	29 470	25 258	41 932	35 939
Administration state social security obligatory contributions	7 099	6 085	10 101	8 658
Business activity risk duty	36	36	51	51
Lease of land	0	9 194	0	13 082
Waste disposal	0	232	0	330
Security services	6 480	6 691	9 220	9 520
Carpet replacement (workshop)	0	86	0	122
Computer, printer, telefax, cash register servicing costs	0	165	0	235
Expenditors for insurance of motor transport	271	259	386	369
Motor transport expenditures for administration (fuel, repairs)	4 210	3 162	5 990	4 499
Expenditors for representation	131	187	186	266
Other administration expenditures	513	1 095	730	1 558
Total	58 333	73 096	83 000	104 006

5. Other income from the Company business activities

Income from the currency selling or buying	0	43	0	61
Heat-energy manufacture	10 584	0	15 060	0
Leasing out premises	21 788	25 294	31 002	35 990
Other (655, 819)	231	0	329	0
Total	32 603	25 337	46 390	36 051

6. Other expenditures from the Company business activities

Loss from the currency selling or buying	446	0	635	0
Utilities	0	6 356	0	9 044
Other expenditures	4 674	2 200	6 651	3 130
Total	5 120	8 556	7 285	12 174

7. Other interest and similar income

Interest on the remaining amount of monies in bank	0	104	0	148
Total	0	104	0	148

8. Real property tax

2 794	2 932	3 976	4 172
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Appendices to the annual account

3. Explanatory notes to the balance sheet items

1. Fixed assets

		Investment property	Lands, buildings construction	Long-term investments leased fixed	Equipment and machinery	Other fixed assets	Total	
		LVL	LVL	LVL	LVL	LVL	LVL	EUR
Initial Value 30.09.2010.		58 700	180 389	74 026	64 356	46 828	424 299	603 723
Initial Value 30.09.2011.		58 700	180 389	74 026	64 356	49 364	426 835	607 331
Depreciation 30.09.2010.		21 768	66 036	74 026	63 982	39 314	265 126	377 240
Depreciation 30.09.2011.		24 703	75 056	74 026	64 231	43 603	281 619	400 708
Residual value 30.09.2010	LVL	36 932	114 353	0	374	7 514	159 173	
	EUR	52 550	162 710	0	532	10 691		226 483
Residual value 30.09.2011	LVL	33 997	105 333	0	125	5 761	145 216	
	EUR	48 373	149 875	0	178	8 197		206 624

Fixed assets in the balance sheet are reflected as the residual value

Residues of fixed assets as at 31.12.2009. are checked in stocktaking on 31.12.2009.

Fixed assets are not encumbered.

Vehicles are insured.

2. Raw materials, direct material and auxiliary

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
gold	205 643	184 021	292 604	261 838
silver	2 323	2 087	3 305	2 970
precious stones, semiprecious stones	47 055	48 351	66 953	68 797
other auxiliary materials	49	49	70	70
low-value materials and inventory	886	817	1 261	1 162
fuel	0	18	0	26
tools	4 583	4 583	6 521	6 521
construction materials for current repairs	288	299	410	425
Total	260 827	240 225	371 123	341 809

Appendices to the balance sheet (continued)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
3. Unfinished products				
Unfinished manufacture	108 882	92 161	154 925	131 133
Total	108 882	92 161	154 925	131 133

4. Complete products and goods on sale				
Goods for sale	183 688	236 546	261 364	336 575
Total	183 688	236 546	261 364	336 575

5. Advance payments for products				
To LLC /SIA/ NESTE for fuel	0	215	0	306
Total	0	215	0	306

6. Indebtedness of cusmomert and clients				
Payments for jewels	298 299	227 328	424 441	323 459
Credit on the security in a pawnshop	0	3 927	0	5 588
Gold transferred to clearing	2 203	30 362	3 135	43 201
Settlements for lease	10 389	7 516	14 782	10 694
Total	310 891	269 133	442 358	382 942

7. Other debtors				
Payments to workers	0	0	0	0
Pledge VENDEN SIA	11	11	16	16
Other	0	808	0	1 150
Total	11	819	16	1 165

8. Prepaid expenses				
Motor transport insurance	210	223	299	317
Lietišķas informācijas dienests (laws of the Republic of Latvia)	557	151	793	215
Newspaper, journals	0	43	0	61
Total	767	417	1 091	593

9. Monetary instruments				
Monetary instruments in cash	8 357	11 352	11 891	16 152
Monetary instruments in operating accounts	75 041	107 194	106 774	152 523
Total	83 398	118 546	118 665	168 676

10. Information of the aggregate Company own stock and shares

The JSC was founded on 10 December 1991 with fixed capital Ls 4742980, composed of 4742980 shares, share par value constituting Ls 1,-

All the stocks are ordinary stocks with voting rights.

From the totality of Company stocks 4 493 700 stocks are bearer stocks in dematerialized form

From the totality of Company stocks 249 280 are registered stocks in dematerialized form.

Appendices to the balance sheet (continued)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
11. Taxes and social security payments				
Personal income tax	2 502	1 385	3 560	1 971
State social security obligatory payments	4 570	0	6 503	0
Business activity duty	8	4	11	6
VAT	1 907	3 089	2 713	4 395
Total	8 987	4 478	12 787	6 372
12. Other creditors (short-term)				
Wages	3 946	3 406	5 615	4 846
Settlement with employees	76	0	108	0
Total	4 022	3 406	5 723	4 846
13. Accumulated liabilities				
Accumulation on unused holidays	3 219	0	4 580	0
Accumulation on doubtful debtors	2 791	0	3 971	0
Total	6 010	0	8 551	0